

STAND. COM. REP. NO. 2367

Honolulu, Hawaii

FEB 14 2014

RE: S.B. No. 3103
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Madam:

Your Committees on Public Safety, Intergovernmental and Military Affairs and Commerce and Consumer Protection, to which was referred S.B. No. 3103 entitled:

"A BILL FOR AN ACT RELATING TO ENHANCED 911 SURCHARGES,"

beg leave to report as follows:

The purpose and intent of this measure is to ensure equitable contributions to the funding of 911 systems by:

- (1) Imposing a single, statewide enhanced 911 surcharge upon the consumer's retail purchase of a prepaid wireless telecommunications service, to be collected at the point of sale;
- (2) Defining the term "prepaid wireless telecommunications service";
- (3) Amending the definition of "prepaid connection" to exclude the sale of a prepaid wireless telecommunications service; and
- (4) Requiring the Enhanced 911 Board to include at least one representative from a prepaid wireless telecommunications service provider.

Your Committees received testimony in support of this measure from the Enhanced 911 Board and Maui Police Department. Your Committees received testimony in opposition to this measure from

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the Hawaii Food Industry Association, CITA - The Wireless Association, AT&T, and the Retail Merchants of Hawaii. Your Committees received comments on this measure from the Tax Foundation of Hawaii.

Your Committees find that prepaid wireless consumers have the same access to emergency 911 services from their wireless devices as wireless consumers on term contracts. Yet, prepaid wireless consumers receive this benefit without having to pay the enhanced 911 surcharge that is imposed on wireless consumers with term contracts. This measure ensures equitable contributions to the funding of 911 systems from consumers of prepaid wireless telecommunications services.

Your Committees have amended this measure by deleting its contents and inserting language to:

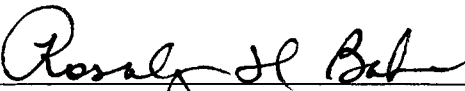
- (1) Establish a new section in chapter 138, Hawaii Revised Statutes, to require a prepaid wireless E911 surcharge of 66 cents on each retail prepaid connection transaction at the point of sale, to be stated on an invoice, receipt, or other similar document that is provided to the consumer by the seller or otherwise disclosed to the consumer;
- (2) Provide that the prepaid wireless E911 surcharge is the liability of the consumer;
- (3) Allow sellers to deduct and retain three percent of the prepaid wireless E911 surcharges that are collected and require the seller to remit all remaining surcharges collected to eHawaii.gov;
- (4) Allow eHawaii.gov to retain up to two percent of the remitted prepaid wireless E911 surcharges collected to cover the costs of administering the prepaid wireless E911 charges and require eHawaii.gov to transfer all remaining remitted surcharges to the enhanced E911 fund within thirty days;
- (5) Provide the seller with discretion to not apply the prepaid wireless E911 surcharge to a transaction of a minimal amount of prepaid wireless telecommunications service sold with a prepaid wireless device for a singly, non-itemized price;




- (6) Provide that audit and appeal procedures applicable to retailers under the general excise tax law shall apply to prepaid wireless E911 surcharges and that section 138-9, Hawaii Revised Statutes, shall apply to providers and sellers of prepaid wireless telecommunications service;
- (7) Require eHawaii.gov to establish procedures by which a seller of prepaid wireless telecommunications service may document that a sale is not a retail transaction;
- (8) Establish that the prepaid wireless E911 surcharge shall be the only funding obligation imposed on prepaid wireless telecommunications service within the State for enhanced 911 service costs;
- (9) Amend section 138-1, Hawaii Revised Statutes, to include new definitions; and
- (10) Insert an effective date of January 1, 2015.

As affirmed by the records of votes of the members of your Committees on Public Safety, Intergovernmental and Military Affairs and Commerce and Consumer Protection that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3103, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3103, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Public Safety,
Intergovernmental and Military
Affairs and Commerce and
Consumer Protection,


ROSALYN H. BAKER, Chair


WILL ESPERO, Chair



The Senate
Twenty-Seventh Legislature
State of Hawai'i

Record of Votes
Committee on Public Safety and Military Affairs
PSM

Bill / Resolution No.:* SB 3103	Committee Referral: PSM/CPN, WAM	Date: 2-11-2014		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"><input type="checkbox"/> Pass, unamended 2312</div> <div style="text-align: center;"><input checked="" type="checkbox"/> Pass, with amendments 2311</div> <div style="text-align: center;"><input type="checkbox"/> Hold 2310</div> <div style="text-align: center;"><input type="checkbox"/> Recommit 2313</div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
ESPERO, Will (C)	✓			
BAKER, Rosalyn H. (VC)	✓			
GALUTERIA, Brickwood	✓			
GREEN, M.D., Josh				✓
SLOM, Sam		✓		
TOTAL	3	1		1
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div>				
Chair's or Designee's Signature:				
Distribution: <div style="display: flex; justify-content: space-between; font-size: small; margin-top: 5px;"> <div>Original File with Committee Report</div> <div>Yellow Clerk's Office</div> <div>Pink Drafting Agency</div> <div>Goldenrod Committee File Copy</div> </div>				

*Only one measure per Record of Votes

Record of Votes
Committee on Commerce and Consumer Protection
CPN

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